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This Week in Canadian Agriculture, Issue 10 2006

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Report Highlights:

Ontario Producers Receive Money from Provincial Government * Manitoba Gives Biodiesel Industry a Tax Break * Is the End Near for the CWB Monopoly? * WCE Prepared for Dual Marketing System * Canadian Farm Groups Encourage More Trade Agreements * Canada Steps Up Enforcement of Wood Packaging Import Requirements

Includes PSD Changes: No
Includes Trade Matrix: No
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

ONTARIO PRODUCERS RECEIVE MONEY FROM PROVINCIAL GOVERNMENT: Earlier this week, the Ontario provincial government announced \$125 million in immediate financial assistance for Ontario's farmers. The money will provide \$80 million for grain and oilseed producers to offset their losses on the 2005 crop. Thirty-five million is designated for producers of all edible horticultural crops to offset their past losses and the final \$10 million will go towards an Ontario livestock and poultry traceability system to assist the province's agri-food industry to strengthen emergency management and capitalize on market opportunities. Leona Dombrowsky, the provincial Minister of Agriculture, Food and Rural Affairs indicated that the money will be issued before spring planting and the assistance will help put producers on a stable footing. This new money is in addition to the portion of the \$755 million emergency funding currently being distributed to grains and oilseed producers across Canada by the federal government. The additional \$125 million in emergency aid failed to impress many Ontario farmers. Many grains and oilseed producers indicated that \$80 million earmarked for their sector was insufficient to meet the needs of producers and doesn't address the need for a long-term, multi-year strategy that will help put producers back on a firm financial footing. Other producers have called on the federal government to match the money announced by the province. The Ontario grain and oilseed sectors have developed a new safety net program, the Risk Management Program (RMP), and are waiting for the provincial and federal governments to ante up the funds to deliver the program. The previous federal Liberal government declined to fund the program.

MANITOBA GIVES BIODIESEL INDUSTRY A TAX BREAK: According *Farmassist.ca*, the Manitoba government has eliminated all provincial taxes on Manitoba-produced pure biodiesel in its 2006 budget to help spur further production. Effective immediately the province will stop collecting both the road tax and provincial sales tax (7%) on pure biodiesel that meets the American Society for Testing and Materials (ASTM) fuel-quality standards. The eliminations of the two taxes will provide an 11.5-cent/liter advantage over regular diesel and is in addition to the 4-cent/liter tax break offered by the federal government. The announced more than doubles the 5.5-cent/liter biodiesel tax advantage already laid out in the province's biodiesel action plan. This incentive will remain in place for five years.

IS THE END NEAR?: With the election of the Conservative Party of Canada as the new federal government, many in the agriculture industry are awaiting the end of Canadian Wheat Board's (CWB) marketing monopoly. One of the planks in the Conservative Party's election platform was providing western grain farmers the choice of how to market their grain. Chuck Strahl, the new Minister of Agriculture and Agri-Food has indicated that the government will not move quickly to end the CWB's monopoly, but his government would like to provide Western farmers the choice. The Minister also indicated that he believes the CWB will continue to play a major role in a dual marketing system. The CWB has indicated that the removal of its monopoly powers would signal the end of the CWB by eroding its marketing clout. As the debate continues, the agriculture industry in western Canada is preparing for the eventual elimination of the CWB's monopoly. The following article deals with this issue.

WCE PREPARED FOR DUAL MARKETING SYSTEM: According to *Farmassist.ca*, the Winnipeg Commodity Exchange (WCE) has approved in principle three new futures and options contracts to be listed if and when the Canadian Wheat Board's (CWB) monopoly is eliminated. New contracts for spring and durum wheat and the revised contract for barley are modeled on the WCE canola contract, with all three contracts having corresponding options contracts. The WCE has stated that it will offer valuable made-in-Canada solutions to risk management and price discovery for wheat and barley in the dual market system. The Western Canadian Wheat Growers, a strong proponent of the dual-market system, are pleased with WCE's announcement and the indication that most of the grain companies are gearing up and will be ready for the end of the CWB monopoly as soon as it is announced. The Wheat Growers would like to see the change implemented no later than August 1, 2006. Agricore United, Canada's

largest grain companies, has stated that they believe the dual marketing system will be in place by late this year and the company is prepared to participate in whatever market circumstances arise.

CANADIAN FARM GROUPS ENCOURAGE MORE TRADE AGREEMENTS: In a recent letter to the Minister of International Trade, a coalition of Canadian agriculture groups is encouraging the government to pursue additional bilateral trade agreements, while continuing to fight for an ambitious outcome to the World Trade Organization (WTO). The issue has arisen because of the recent negotiations of new bilateral agreements by the U.S. government with several of Canada's key export markets. A free trade agreement between the U.S. and Morocco came into effect in 2006 and will be implemented in the new few months. Morocco is a key market for Canadian durum exports. While not detracting from the U.S.'s right to develop new agreements, the coalition is concerned that by failing to develop bilateral agreements itself, Canadian agricultural exporters will be squeezed out of key markets. The coalition consists of representatives from the Canadian Wheat Board, the Canadian Federation of Agriculture, Canada Pork International, the Canada Pork Council, the Canadian Grain and Oilseed Exporters Association, the Canola Council of Canada, the Canadian Oilseed Processors Association, Cavendish Farms and Pulse Canada.

CANADA STEPS UP ENFORCEMENT OF WOOD PACKAGING IMPORT REQUIREMENTS: Canada has announced it will step up enforcement activities regarding implementation of the international wood packaging standard. Any shipment found to contain wood packaging that does not meet Canadian import requirements may result in delays, additional costs, monetary penalties or the removal of the shipment from Canada. These changes are taking place as Canada joins with the United States and Mexico in the phased-in implementation of the regulation of wood packaging under the International Standard for Phytosanitary Measures (ISPM) No. 15. The intent of the requirements is to reduce the risk of introducing Invasive Alien Species, harmful pests that are known to be transported and spread via untreated wood packaging. Wood packaging materials manufactured from wood of Canadian or U.S. origin that have not moved internationally are exempt from the treatment and marking requirements of Canadian and U.S. wood packaging import regulations. For more information see the Canadian Food Inspection Agency Inspection Agency's plant health directive D-98_08. The full text is available at: <http://www.inspection.gc.ca/english/plaveg/for/cwpc/wdpkge.shtml>

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